

**REPORT OF THE AUDIT OF THE
WOLFE COUNTY
CLERK**

**For The Year Ended
December 31, 2009**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE WOLFE COUNTY CLERK

**For The Year Ended
December 31, 2009**

The Auditor of Public Accounts has completed the Wolfe County Clerk's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees decreased by \$2,337 from the prior year, resulting in excess fees of \$9,322 as of December 31, 2009. Revenues increased by \$7,754 from the prior year and expenditures increased by \$10,091.

Debt Obligations:

Capital lease principal agreements totaled \$9,475 as of December 31, 2009.

Report Comment:

- The Clerk Did Not Implement A Travel Reimbursement Policy

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11
COMMENT AND RECOMMENDATION	15



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Hurst, Wolfe County Judge/Executive
The Honorable Steve Oliver, Wolfe County Clerk
Members of the Wolfe County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Wolfe County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2010, on our consideration of the Wolfe County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Raymond Hurst, Wolfe County Judge/Executive
The Honorable Steve Oliver, Wolfe County Clerk
Members of the Wolfe County Fiscal Court

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

- The Clerk Did Not Implement A Travel Reimbursement Policy

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Wolfe County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

August 23, 2010

WOLFE COUNTY
STEVE OLIVER, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Grant - Library And Archives	\$	15,899
------------------------------------	----	--------

State - Revenue Supplement		57,376
----------------------------	--	--------

State Fees For Services		3,384
-------------------------	--	-------

Fiscal Court		7,771
--------------	--	-------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	302,784
------------------------	----	---------

Usage Tax		393,644
-----------	--	---------

Tangible Personal Property Tax		380,117
--------------------------------	--	---------

Other-

Fish and Game		5,313
---------------	--	-------

Marriage		2,805
----------	--	-------

Occupational		76
--------------	--	----

Beer and Liquor		850
-----------------	--	-----

Donations		60
-----------	--	----

Car Liens		5,456
-----------	--	-------

Deed Transfer Tax		5,340
-------------------	--	-------

Delinquent Tax	241,058	1,337,503
----------------	---------	-----------

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts		6,512
---------------------------------	--	-------

Real Estate Mortgages		7,029
-----------------------	--	-------

Chattel Mortgages and Financing Statements		16,452
--	--	--------

Powers of Attorney		737
--------------------	--	-----

All Other Recordings		15,397
----------------------	--	--------

Charges for Other Services-

Refunds		1,351
---------	--	-------

Copywork	1,896	49,374
----------	-------	--------

Interest Earned		1,036
-----------------	--	-------

Total Revenues		1,472,343
----------------	--	-----------

The accompanying notes are an integral part of this financial statement.

WOLFE COUNTY
STEVE OLIVER, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2009
(Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 228,009

Usage Tax 381,270

Tangible Personal Property Tax 166,304

Licenses, Taxes, and Fees-

Fish and Game Licenses 5,071

Delinquent Tax 29,649

Legal Process Tax 5,350

Marriage License 856

Affordable Housing Trust 8,370 \$ 824,879

Payments to Fiscal Court:

Tangible Personal Property Tax 26,760

Delinquent Tax 17,150

Deed Transfer Tax 5,068

Occupational Licenses 248

Beer and Liquor Licenses 618 49,844

Payments to Other Districts:

Tangible Personal Property Tax 171,848

Delinquent Tax 119,828 291,676

Payments to Sheriff 15,109

Payments to County Attorney 33,413

Operating Expenditures:

Personnel Services-

Deputies' Salaries 65,963

Part-Time Salaries 9,699

Employee Benefits-

Employer's Share Social Security 10,597

Employer's Paid Health Insurance 17,112

Other Payroll Expenditures 946

The accompanying notes are an integral part of this financial statement.

WOLFE COUNTY
STEVE OLIVER, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2009
(Continued)

Expenditures (Continued)

Operating Expenditures:

Contracted Services-		
Fish and Game	\$	16,369
Advertising		66
Printing and Binding		2,131
Materials and Supplies-		
Office Supplies		13,826
Other Charges-		
Conventions and Travel		2,969
Dues		780
Postage		4,090
Miscellaneous		878
Election Expense		480
Library And Archives Grant Expenditures		15,899
	\$	161,805

Debt Service:

Lease Purchases		13,589
-----------------	--	--------

Total Expenditures \$ 1,390,315

Less: Disallowed Expenditures

Meal Reimbursements for Non-Overnight Training 572

Total Allowable Expenditures 1,389,743

Net Revenues 82,600

Less: Statutory Maximum 67,032

Excess Fees 15,568

Less: Expense Allowance 3,600

Training Incentive Benefit 2,646 6,246

Excess Fees Due County for 2009 9,322

Payment to Fiscal Court - March 3, 2010 8,750

Balance Due Fiscal Court at Completion of Audit \$ 572

The accompanying notes are an integral part of this financial statement.

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WOLFE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2009
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.17 percent for the first six months and 13.50 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Wolfe County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Wolfe County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

WOLFE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2009
 (Continued)

Note 4. Grant

The Wolfe County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$15,899. Funds totaling \$15,899 were expended during the year. The unexpended grant balance was \$0 as of December 31, 2009.

Note 5. Leases

The Wolfe County Clerk's office was committed to the following lease agreements as of December 31, 2009:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2009
Software	\$ 200	60 months	8/28/2011	\$ 4,000
Computer	100	4 years	8/28/2011	1,317
Postage Machine	89	63 months	9/28/2009	0
Copier	189	63 months	10/24/2011	4,158

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Raymond Hurst, Wolfe County Judge/Executive
The Honorable Steve Oliver, Wolfe County Clerk
Members of the Wolfe County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Wolfe County Clerk for the year ended December 31, 2009, and have issued our report thereon dated August 23, 2010. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wolfe County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Wolfe County Clerk's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- The Clerk Did Not Implement A Travel Reimbursement Policy

The Wolfe County Clerk's response to the finding identified in our audit is described in the accompanying comment and recommendation. We did not audit the Clerk's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Wolfe County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

August 23, 2010

COMMENT AND RECOMMENDATION

WOLFE COUNTY
STEVE OLIVER, COUNTY CLERK
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2009

STATE LAWS AND REGULATIONS:

The Clerk Did Not Implement A Travel Reimbursement Policy

The Clerk received \$572 for meal reimbursements while attending non-overnight training. According to state policies, meals are only reimbursed for overnight travel. The County Clerk does not have a formal policy pertaining to travel and travel reimbursements. The Clerk should implement a policy that states the mileage rate, whether he will be using the state rate or a county rate, and when meal reimbursements are allowed and at what rate. Since no policy was in place and reimbursements were not within state or county policies, these expenses will be disallowed and should be repaid to the fee account from the Clerk's personal funds. Since the 2009 Fee account is closed, this \$572 should be paid with a personal check from the Clerk to the 2010 fee account and \$572 should be paid to the fiscal court as additional excess fees owed.

Clerk's Response: OK.

